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**EX PARTE**

December 20, 1996

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W. Room 222  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

RE: Public Notice DA 96-2091, December 12, 1996, Workshops on  
Proxy Cost Models, CC Docket No. 96-45/

Dear Mr. Caton,

Today, the attached information was sent by courier to Ms. Astrid Carlson,  
Universal Service Branch, 2100 M Street, N.W., Room 8607, Washington, D.C.

Sprint requests that this information be made a part of the record in the above  
referenced matter. Two copies of this letter are provided for this purpose.

If there are any questions, please call on the above telephone number.

Sincerely,

Warren D. Hannah

Attachment

No. of Copies rec'd  
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Washington, D.C.  
December 20, 1996

Ms. Astrid Carlson  
Universal Service Branch  
Accounting and Audits Division  
Common Carrier Bureau  
Federal Communications Commission  
2100 M Street, N.W. Room 8607  
Washington, D.C. 20554

RE: Public Notice DA 96-2091, Workshop on Proxy Cost Models,  
CC Docket No. 96-45

Dear Ms. Carlson,

On behalf of Pacific Bell, Sprint and U S West, we are writing to nominate four individuals to participate on the round table discussions proposed for the Commission's proxy cost model workshops to be held on January 14 and 15, 1997. During prior phases of the CC Docket 96-45 proceeding, U S West and Sprint introduced and supported the Benchmark Cost Model 2 (BCM2), while Pacific Bell introduced and supported the Cost Proxy Model (CPM). Following the conclusion of advocacy in the last phase of these proceedings, and consistent with the encouragement of the Joint Board staff these three parties have been working together to combine the best aspects of both models into a single model around which we hope consensus can emerge. We have also been actively working with a broader network of companies to compile and document a data base of forward-looking cost factors for use in the next generation proxy model.

Based upon our reading of the Commission's December 12 notice for these workshops, it appears the Commission is seeking expert input in four specific areas of the modeling process: 1) Network Investment, 2) Expense Related Costs, 3) Capital Related Costs, and 4) Validation. Based upon these four expertise areas, we nominate the following individuals to serve on the workshop panels to assist the Commission and Joint Board in their deliberation process:

**TOPIC**

**NAME**

Network Investment  
Expense Related Costs  
Capital Related Costs

Jim Dunbar, Manager-Pricing & Regulatory, Sprint  
Peter Copeland, Manage-Public Policy, U S West  
Dr. James Vander Weide, Financial Strategy  
Associates

Validation

Dr. Richard Emmerson, INDETEC International

Jim Dunbar and Peter Copeland are two of the primary architects and builders of the BCM, BCM2 and the next generation Benchmark cost model. They are intimately familiar with all aspects of the models' objectives, operations, algorithms, and input and output data. They have led industry efforts to collect and validate data inputs for the next generation proxy model. They can be of great assistance to the Commissioners and staff in understanding and evaluating proxy models.

Jim Dunbar, Sprint, 4220 Shawnee Mission Parkway, Fairway, KS 66205  
Telephone No. 913-261-2524; Facsimile No. 913-261-2450  
Peter Copeland, U S West, 1901 California St., Denver, CO 80202  
Telephone No. 303-896-4620; Facsimile No. 303-896-9994

Dr. James Vander Weide is eminently qualified to assist the Commission and Joint Board in understanding the treatment of capital related costs in the proxy models. Dr. Vander Weide is Research Professor of Finance and Economics at the Fuqua School of Business, Duke University and is also founder and President of Financial Strategy Associates, a consulting firm that provides strategic, financial, and economic consulting services, including cost of capital studies. He has testified on the cost of capital, risk, incentive regulation, pricing, depreciation, accounting, and other financial and economic issues in more than 225 cases before the U.S. Congress, the Federal Communications Commission, the National Telecommunications and Information Administration, the Federal Energy Regulatory Commission, the public service commissions in 33 states, and the insurance commissions of five states. He has also engaged in special research projects and designed financial software packages for firms in the banking, electric, gas, insurance, telephone, and water industries.

Dr. James H. Vander Weide, President, Financial Strategy Associates,  
3606 Stoneybrook Drive, Durham, NC 27705  
Telephone No. 919-383-6659; Facsimile No. 919-383-6659

Dr. Richard Emmerson and his firm INDETEC International were the primary developers of the CPM submitted earlier in this proceeding. He and his firm have assisted in the process of combining the best aspects of the BCM2 and CPM into the next generation model. He has also studied the Hatfield model extensively and has presented testimony regarding the Hatfield model in a number of state regulatory proceedings. In addition to his knowledge of proxy models, Dr. Emmerson is a renowned teacher of regulatory economics and telecommunications costing principles. His background and experience make Dr. Emmerson particularly well qualified to comment on the validity of results from the various models, reality testing of model inputs, network design assumptions, and output results.

Ms. Astrid Carlson  
December 20, 1996  
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Dr. Richard Emmerson, President, INDETEC International, 341 La Amatista,  
Del Mar, CA 92014  
Telephone No. 619-755-3858; Facsimile No. 619755-3744


Please feel free to contact any of the undersigned to discuss our recommendations for participants on these round table discussions. Please send formal correspondence regarding these nominations to:

Glenn Brown  
Executive Director - Public Policy  
U S West Inc.  
1020 19<sup>th</sup> Street, N.W. Room 700  
Washington, D.C. 20036  
Tel. 202-429-3133  
Facsimile 202-296-5157

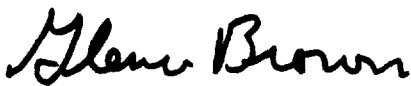
Respectfully submitted,



Warren Hannah  
Sprint



Alan Ciamporero  
Pacific Bell



Glenn Brown  
U S West